

INTEREST RATE POLICY

(For Base Layer NBFC – Investment and Credit Company)

1. Preamble

This Interest Rate Policy (“Policy”) is formulated in compliance with the directions and guidelines issued by the **Reserve Bank of India (RBI)**, including the **NBFC – Scale Based Regulation (SBR)** framework, Penal Charges circular (Aug 2023) and Fair Practices Code requirements.

The Policy lays down the principles and methodology to determine **interest rates, penal charges, and other fees** charged by **THIRUKOCHI FINCAP LIMITED** (“the Company”) on its lending products, ensuring **transparency, fairness, and non-discrimination**.

2. Objectives

The objectives of this Policy are to:

- Ensure **reasonable and transparent pricing** of credit
- Adopt a **risk-based pricing approach**
- Prevent **excessive or usurious interest rates**
- Enable customers to make **informed borrowing decisions**
- Comply with RBI’s regulatory framework for NBFC-Base Layer

3. Applicability

This Policy shall apply to:

- All lending products offered by the Company
- All borrowers, including individual and non-individual customers
- All branches, offices, digital platforms, employees, and agents

4. Principles Governing Interest Rate Determination

The Company shall determine interest rates based on the following broad principles:

- **Cost of funds**
- **Operating and administrative expenses**
- **Risk premium** associated with the borrower and product
- **Tenure of the loan**
- **Nature and value of security**, if any
- **Creditworthiness and repayment capacity** of the borrower
- **Market conditions and competition**
- **Regulatory requirements**

The interest rate charged to a borrower shall be **annualised and disclosed upfront**.

5. Interest Rate Model

The Company shall adopt a **Board-approved interest rate model**, which may include:

- Fixed interest rate
- Floating interest rate
- Risk-based pricing depending on borrower profile

Different interest rates may be charged for different categories of borrowers and products, provided such differentiation is **objective, justifiable, and non-discriminatory**.

6. Penal Charges

a) Penal charges shall be levied only for **specific non-compliances** such as delayed repayment or breach of loan terms.

b) Penal charges shall be:

- Reasonable
- Proportionate to the non-compliance
- Clearly disclosed in the loan agreement and sanction letter

c) Penal charges shall **not be capitalised** or treated as interest.

d) Penal charges shall be uniform for similar non-compliances across borrower categories and shall be disclosed in KFS and loan agreement.

7. Fees and Other Charges

a) All applicable fees such as processing fees, documentation charges, and other incidental charges shall be **clearly disclosed upfront**.

b) The Company shall not levy any **hidden charges**.

c) Any revision in charges shall be communicated to the borrower in advance.

8. Disclosure and Transparency

The Company shall ensure:

- Disclosure of **annualised interest rates** in the sanction letter
- Annualised Percentage Rate (APR), wherever applicable, shall be disclosed to borrowers.
- Disclosure of interest rate methodology to borrowers
- Availability of the Interest Rate Policy on the Company's website and at branches
- Clear communication of any **change in interest rates** with prospective effect

9. Reset of Floating Interest Rates (If Applicable)

Where floating interest rates are applicable:

- The reset frequency shall be clearly defined
- Borrowers shall be informed about changes in rates and EMI
- Adequate notice shall be provided prior to reset

10. Fair Practices and Non-Discrimination

The Company shall ensure that interest rates are **not discriminatory** on the basis of:

- Gender
- Religion
- Caste
- Region

Pricing decisions shall be based purely on **commercial and risk considerations**.

11. Review and Monitoring

a) This Policy shall be **reviewed periodically**, at least once a year, or earlier if required due to regulatory changes.

b) The Board of Directors shall have oversight over:

- Interest rate structure
- Deviations, if any
- Customer complaints related to pricing

12. Approval and Effective Date

This Policy has been approved by the **Board of Directors of THIRUKOCHI FINCAP LIMITED** at its meeting held on **16/02/2026**

Effective Date: 16/02/2026

Version:1

